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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re
ANKA BEHAVIORAL HEALTH,
INCORPORATED,

Debtor.

Case No. 19-41025-WJL

Chapter 11

**DEBTOR'S MOTION FOR ORDER
EXTENDING TIME FOR DEBTOR TO
FILE SCHEDULES OF ASSETS AND
LIABILITIES AND STATEMENT OF
FINANCIAL AFFAIRS AND OTHER
REQUIRED DOCUMENTS**

Date: May 9, 2019
Time: 3:30 p.m.
Place: Courtroom 220
1300 Clay Street
Oakland, CA

Judge: Hon. William J. Lafferty, III

ANKA Behavioral Health, Incorporated, the debtor and debtor-in-possession in the above-captioned Chapter 11 bankruptcy case (“ANKA” or the “Debtor”), hereby submits this ex parte motion (the “Motion”) for the entry of an order extending the time within which the Debtor must file its Schedules of Assets and Liabilities (“Schedules”) and Statements of Financial Affairs (“SOFA”) and any other documents required to be filed pursuant to the Order for Non-Individual in Chapter 11 Case To File Required Documents And Notice Of Automatic Dismissal (Dkt. No. 5) (“Notice Order”) (collectively with the Schedules and SOFA, the “Required Documents”). By this Motion, the Debtor requests a 30-day extension to file the Required Documents, from May 14, 2019 to June 13, 2019.

I. STATEMENT OF FACTS

A. General Background

1. The Debtor filed a voluntary petition under chapter 11 of the Bankruptcy Code on April 30, 2019 (the “Petition Date”). The Debtor continues to operate its business, manage its financial affairs, and operate its bankruptcy estate (the “Bankruptcy Estate”) as a debtor in possession pursuant to sections 1107 and 1108.

2. As reflected in the Declaration of Chris Withrow in Support of First Day Motions filed simultaneously herewith, ANKA is a 501(c)(3) non-profit behavioral healthcare corporation that has operated since 1973. It has earned national recognition as a result of its ability to design, implement, and operate exceptional, innovative programs. Over the course of a year ANKA serves nearly 15,000 individuals and their families and generally has 200-300 clients at any one time at over 50 small scale facilities that it operated throughout California and one in Michigan. ANKA’s residential and Intensive Outpatient Programs (IOP) are located in Contra Costa, Alameda, Solano, Sonoma, Santa Clara, Fresno, San Luis Obispo, Santa Barbara, Ventura, Los Angeles, and Riverside Counties and there is a veteran’s facility in Michigan.

3. ANKA commenced this bankruptcy case so that it can undertake an orderly wind down of all of its residential and outpatient treatment programs. It is working closely with the California Department of Developmental Services, regional centers, and county mental health agencies to ensure that all of the needs of the patients are met. ANKA’s goal is to transition all of

1 the locations to other providers without closing any facilities to ensure that there is no interruption
2 in patient services, and that the employees continue to work at the same locations since they have
3 the knowledge and relationships with the clients and patients. ANKA is committed to an orderly
4 and complete transition of its patients to alternate providers before terminating any service or
5 closing any facility.

6 4. The bankruptcy was necessitated because some vendors threatened to discontinue
7 services, and without those services, ANKA could not operate its business. ANKA's financial
8 difficulties primarily arose because of unexpected losses associated with ANKA's expansion into
9 new developmental service programs. The licenses for the new locations were unexpectedly
10 delayed due to new regulations and could not be operated for significant periods while expenses
11 accrued immediately. The commencement of this bankruptcy case provides ANKA with an ability
12 to orderly transfer its patients to other providers while making current payments to creditors.

13 5. ANKA anticipates that it will have accomplished the transfer of its patients to new
14 providers within 4-6 weeks from commencement of the Case, subject to certain regulatory
15 considerations and approvals.

16 6. To date, no official committee or examiner has been appointed by the Office of the
17 United States Trustee.

18 **B. Facts Relevant to This Request**

19 7. The Debtor has dedicated the approximate first week of this case to the critical
20 tasks of ensuring that the Debtor can continue to use its cash management uses, working approval
21 of approval of a cash collateral budget, working on transitioning its operations to a new provider
22 to care for its patients, on meeting its payroll obligations, ensuring that the Debtor has sufficient
23 funds and authority to use funds in order to operate its business during its transition period, and
24 the Debtor is in compliance with all of the Court's orders and requirements.

25 8. Given the fact that the Debtor and the staff have dedicated the first week of these
26 cases on various matters critical to the Debtor's operations and administration of this bankruptcy
27 cases, the Debtor requires additional time to prepare and file the Required Documents. The
28

1 Debtor must also prepare the required documents for submission to the Office of the United States
2 Trustee for the initial debtor interview, which will require significant time and attention.

3 9. The primary representative of the Debtor and Responsible Individual for the
4 Debtor, assisting the Debtor in connection with preparing the Required Documents is Chris
5 Withrow, the Debtor's Chief Executive Officer. Mr. Withrow also played, and plays, a critical
6 and substantial role in connection with performance of all of the tasks referenced above, including
7 preparation of the emergency motions and administrative compliance materials, while also serving
8 as Chief Executive Officer and undertaking all of the tasks a chief executive officer of an
9 operating company is required to undertake. Mr. Withrow will be the primary individual assisting
10 the Debtor and the Debtor's counsel with preparing the Required Documents, and given the
11 circumstances discussed above, requires additional time to prepare the Required Documents.

12 **II. REQUEST FOR EXTENSION**

13 10. The Debtor requests a 30-day extension of the deadline to file the Required
14 Documents. The Debtor filed its bankruptcy petition on April 30, 2019. The deadline imposed to
15 file the Required Documents by the Bankruptcy Code and Notice Order is May 14, 2019. The
16 Debtor requests an extension June 13, 2019.¹ The Debtor requires more time to fully analyze its
17 assets and liabilities (since it operates some 50 facilities with 200-300 patients, and almost 1,000
18 employees in California and Michigan) with the assistance and advice of counsel in order to
19 prepare full and accurate Schedules, Statements and other Documents. All the while, the Debtor
20 must still tend to its business affairs and operate its facilities and ensure that its patients' needs are
21 being met.

22 11. If the Debtor is forced to file to file its Schedules and Statements by the current
23 deadline, then the Debtor and its professionals will most likely have to later expend substantial
24 time and resources to prepare amendments at the expense of the estate. Therefore, the Debtor
25 respectfully submit that an extension of time for the Debtor to prepare its Schedules, Statements
26

27 ¹ Debtor's proposed counsel intends to file its proposed application for approval of employment
28 by May 14, 2019

1 and other Documents is warranted and appropriate. Furthermore, the Debtor respectfully submits
2 that none of its creditors will be prejudiced by the extension of time requested herein.

3 12. This request is made pursuant to LBR 9006-1(c). No prior requests for an
4 extension of time have been made. This Motion, the Declaration of Chris Withrow in Support of
5 First Day Motions, and the Notice of First Day Motions on: (i) the Office of the United States
6 Trustee; (ii) any alleged secured creditors; (iii) the twenty largest general unsecured creditors
7 appearing on the list filed in accordance with Rule 1007(d) of the Federal Rules of Bankruptcy
8 Procedure (the "Bankruptcy Rules"); (iv) the United States of America, and the Attorney General
9 for the State of California;(v) agencies and other entities that place patients in the debtor's
10 residential facilities, and (vi) parties that file with the Court and serve upon the Debtor requests for
11 notice of all matters in accordance with Bankruptcy Rule 2002(i). Among other things, the Notice
12 of Emergency Motions will provide that any opposition or objection to the Motion may be
13 presented at any time before or at the hearing regarding the Motion, but that failure to timely
14 object may be deemed by the Court to constitute consent to the relief requested herein.

15 WHEREFORE, the Debtor requests an order of the Court granting this Motion in its
16 entirety and extending the time for the Debtor to file the Required Documents from May 14, 2019
17 to June 13, 2019.

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19 DATED: May 6, 2019

TRODELLA & LAPPING LLP
WENDEL, ROSEN, BLACK & DEAN LLP

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21
22 By: /s/ Tracy Green
23 Tracy Green
24 Elizabeth Berke-Dreyfuss
25 Lisa Lenherr
26 [Proposed]Attorneys for Debtor
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